

Message Text

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ORIGIN XMB-04

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-06

FRB-01 INR-07 NSAE-00 RSC-01 TRSE-00 OPIC-06 SP-02

CIEP-02 LAB-03 SIL-01 OMB-01 PA-02 PRS-01 USIA-15

AGR-10 /080 R

66611

DRAFTED BY: XMB:AMOHANIAN/RLS

APPROVED BY: EB/OCA/REP: BEBYRON

XMB: WARREN W. GLICK, ACTING EXECUTIVE VICE PRESIDENT

XMB: EMLINTON

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R 112135Z NOV 74

FM SECSTATE WASHDC

TO AMEMBASSY OTTAWA

UNCLAS STATE 248307

E.O. 11652: NA

TAGS: APUB, CA

SUBJECT: PRESS RELEASE ON EXIMBANK CREDIT TO CANADA

FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT BANK RELEASE ON THE
DIRECT CREDIT OF DOLS 6 MILLION TO BRITISH LEAF TOBACCO
COMPANY (BLT), OF CANADA LTD. RELEASE IS SCHEDULED FOR
ANNOUNCEMENT HERE IN WASHINGTON, D.C. FOR A.M. PAPERS,
FRIDAY, NOVEMBER 22, 1974.

QUOTE: EXIMBANK CREDIT OF DOLS 6 MILLION SUPPORTS DOLS 20
MILLION SALE OF U.S. TOBACCO TO CANADA

TO SUPPORT A DOLS 20 MILLION SALE OF U.S. TOBACCO TO CANADA,
THE BOARD OF DIRECTORS OF THE EXPORT-IMPORT BANK OF THE UNITED
STATES HAS AUTHORIZED A DIRECT CREDIT OF DOLS 6 MILLION TO
FINANCE 30 PERCENT OF THE TOTAL U.S. COSTS, ACCORDING TO
EXIMBANK'S CHAIRMAN WILLIAM J. CASEY. A CREDIT OF
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DOLS 12 MILLION FROM J.P. MORGAN OF CANADA LTD., WILL FINANCE

60 PERCENT OF THE TOTAL U.S. COSTS. THE OBLIGOR, BRITISH LEAF TOBACCO COMPANY (BLT), OF CANADA LTD., WILL MAKE CASH PAYMENT OF THE BALANCE OF THE U.S. COSTS OF 10 PERCENT OR DOLS 2 MILLION.

BLT, A WHOLLY-OWNED SUBSIDIARY OF IMPERIAL GROUP LIMITED, A UNITED KINGDOM CORPORATION, IS ACTING AS PURCHASING AGENT FOR ITS PARENT. THE TOBACCO WILL BE PURCHASED FROM U.S. SUPPLIERS NOT YET DESIGNATED AND SHIPPED DIRECTLY TO THE UNITED KINGDOM AND IRELAND.

THE LOANS ARE TO BE REPAID IN ONE INSTALLMENT ON NOVEMBER 5, 1975. INTEREST ON EXIMBANK'S DIRECT CREDIT OF DOLS 6 MILLION WILL BE AT THE RATE OF 8 PERCENT PER ANNUM, WHICH WHEN BLENDED WITH THE PORTION OF THE CREDIT FROM J.P. MORGAN OF CANADA, RESULTS IN AN ESTIMATED INTEREST COSTS TO THE BORROWER, BASED ON CURRENT RATES, OF ABOUT 11.5 PERCENT TO 11.75 PERCENT PER ANNUM. UNQUOTE KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 11 NOV 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE248307
Document Source: CORE
Document Unique ID: 00
Drafter: XMB:AMOHANIAN/RLS
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740325-0038
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741153/aaaabstg.tel
Line Count: 79
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN XMB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 13 NOV 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <13 NOV 2002 by martinml>; APPROVED <25-Nov-2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PRESS RELEASE ON EXIMBANK CREDIT TO CANADA FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT BANK RELEASE ON THE
TAGS: APUB, CA
To: OTTAWA
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005